

"The Commission, as California's SPRE, should stay within Congressional intent and focus on the real problem of student loan debt repayment in a way that does not further burden already-regulated postsecondary institutions"

— a commentator

COMMENTS AT PUBLIC FORUMS REGARDING THE COMMISSION'S STATE POSTSECONDARY REVIEW ENTITY (SPRE) PROGRAM AND ITS DRAFT STANDARDS, WITH STAFF RESPONSES



CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

Summary

In the mid- to late-1980s, increasing numbers of postsecondary students across the nation sought financial aid from a variety of federal student aid programs to finance their studies beyond high school. Many of them obtained low-interest educational loans guaranteed by the federal government, but this "boom" in student loans was followed shortly by a billion-dollar "bust" in annual unpaid or defaulted student loans. Growing ranks of disgruntled student-loan borrowers testified before various Congressional committees about their institutions -- mostly trade schools -- that either offered programs of questionable educational value or even closed before providing the promised education and training.

Congress and the U.S. Department of Education took corrective action, such as denying those schools with particularly high student-loan default rates access to some federal educational loan programs. Then in the 1992 reauthorization of the Higher Education Act, Congress created the "State Postsecondary Review Entity" (SPRE) Program, whereby each state would either designate an entity to review postsecondary institutions participating in federal financial aid programs in order to prevent fraud and abuse in those programs -- or else risk having only provisional approval granted to those institutions seeking initial participation in federal Title IV student aid programs and the loss of eligibility for all institutions to participate in some of these programs. Congress set aside federal money for the new program and elected to include all segments of postsecondary education -- public, independent, proprietary, vocational, professional, academic, accredited, or state-licensed -- under its provisions.

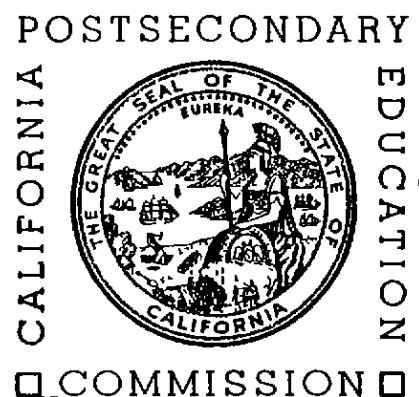
In July 1993, Governor Wilson designated the California Postsecondary Education Commission as California's SPRE and directed that it begin planning for implementation of the new program. The staff of the Commission began drafting review standards for use in California and, beginning in November, met numerous times with a SPRE advisory committee about these draft standards and related issues. In May 1994, the Commission conducted six public forums throughout the State to take public comment on its draft standards. More than 80 representatives from postsecondary institutions and other interested parties gave written and oral testimony at the forums and during the accompanying public comment period. This document summarizes the primary comments received during that time and contains the staff responses to the points they raised.

The Commission adopted the standards that resulted from this consultative process at its meeting on October 24, 1994, and published them as Commission Report 94-15. Copies of those standards, and additional copies of this summary of comments, may be obtained from the Commission at Suite 500, 1303 J Street, Sacramento, California 95814-2938.

COMMENTS AT PUBLIC FORUMS
REGARDING THE COMMISSION'S
STATE POSTSECONDARY REVIEW
ENTITY (SPRE) PROGRAM
AND ITS DRAFT STANDARDS,
WITH STAFF RESPONSES

*A Staff Report to the Commission's
Ad Hoc Committee on Federal Programs*

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1303 J Street ♦ Fifth Floor ♦ Sacramento, California 95814-2938





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Background on the Comments

THE COMMISSION held six forums throughout California between May 3 and May 13, 1994, to accept public comment from the State's postsecondary education community and other interested parties on the proposed standards for the State Postsecondary Review Entity (SPRE) program -- in San Diego on May 3, Irvine on May 4, Los Angeles on May 5, San Francisco on May 10, Fresno on May 11, and Sacramento on May 13. Members of the Commission, including those of its Ad Hoc Committee on Federal Programs, chaired each of the forum sessions, Commission staff presented information on the SPRE program, and over 80 members of the public and the academic community presented formal oral or written comments on the program and the Commission's draft SPRE standards.

For the June 5 meeting of the Ad Hoc Committee on Federal Programs, staff prepared a preliminary summary of the comments received during the forums and staff's initial response to them. The primary focus of that document was the concern that a majority of commentators expressed about two of the draft standards -- Standards 7 and 14.

In this follow-up report, the staff first summarizes a variety of comments about the SPRE program in general, in order to give a sense of the issues raised during the forums, and responds to these general comments. Following that section, the staff examines the main points raised during the forums about each of the 14 draft SPRE standards in turn. Staff explains the analysis and reasoning supporting its proposals, including those that it has changed as a result of the forums and other advice. Staff also provides, as required by federal regulations on the SPRE program, delineation of the information that institutions can use to demonstrate compliance with each standard if they are referred for review. For Standards 7 and 14, the staff also includes information about the methods that institutions may use to perform the necessary computations and obtain the needed information.

In brief, there appears to be consensus among most commentators about the adequacy of proposed Standards 4, 5, 6, 10, 11, 12, and 13. Staff also believes that its modification of draft language would now result in essential agreement about the adequacy of Standards 2, 3, and 9, and, with a little more difficulty, of Standards 1 and 8. As noted above, however, developing quantified versions of Standards 7 and 14, as required by federal regulation, has provided the greatest challenge to the Commission and has evoked the largest quantity of comment and the highest level of concern across all sectors of postsecondary education. Standard 7 requires a determination of the appropriateness of a reviewed vocational program's tuition and fees in relation to students' expected income. Standard 14 centers on institutional outcome measures such as graduation or program completion rates. For these two standards, there is virtually no likelihood of achieving consensus.

among all systems of California postsecondary education. Indeed, some of the changes proposed by commentators would, if adopted, likely result in disapproval of California's SPRE program by the U.S. Secretary of Education.

Thus the staff anticipates that periodic revisions will be required of these two standards, if not others, in the future.

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General Comments About SPRE

AT THE FORUMS, officials of several regionally accredited universities objected to the regulatory burden that SPRE would place on institutions of higher learning for problems that have been shown to affect primarily a small number of proprietary institutions. They advised the Commission, as California's SPRE, to stay within Congressional intent and to focus on the real problem of student loan debt repayment in a way that does not further burden already-regulated postsecondary institutions. Many of the commentators from the independent sector of California higher education strongly supported the creation of four separate sets of SPRE standards -- particularly those that separate regionally accredited independent institutions from proprietary schools and community colleges. Some from this segment expressed the belief that the federal effort to eliminate fraud and abuse in federally guaranteed loan programs under Title IV of the Higher Education Act as amended poses a threat to the autonomy of postsecondary institutions and to non-governmental accreditation.

Proprietary vocational school representatives maintained that SPRE has the potential of adding still more duplication and confusion to the already intense scrutiny of private career colleges and schools. Several said that SPRE should not impose new, additional, or duplicative requirements on institutions that are approved by California's new Council for Private Postsecondary and Vocational Education (CPPVE), and many were also concerned about establishing separate SPRE standards for proprietary schools.

From the California Community Colleges, many commentators expressed serious concerns about the SPRE standards for that sector and urged substantial changes to them before their adoption. Several expressed the belief that public community colleges should be held to the standards set in existing state law rather than the SPRE standards. Many also recommend extending the development/review period for the SPRE standards.

Some commentators from each sector said that one or more of the proposed standards exceeded the federal statutory authority and that the document retention requirements of the proposed standards were overly burdensome. Many questioned the relationship between the standards and fraud and abuse in Title IV programs.

Turning from the type of comments offered by representatives of the different systems to the most common concerns expressed by the commentators, regardless of system, the following pages summarize the eight most frequent general comments to SPRE, followed in each case by responses of the Commission staff to these concerns.

The SPRE program is intrusive, duplicative, and burdensome

According to the comments received, there is acknowledgment across the segments that it is a worthwhile endeavor to address, discover, and prevent fraud and abuse by postsecondary institutions that participate in Title IV student financial aid programs, but no such consensus endorses the SPRE program as the appropriate means for doing so

Many commentators from both traditional academic and proprietary institutions objected on the basis that the SPRE program is duplicative of other efforts such as existing federal oversight of student aid programs, state law concerning public postsecondary institutions, the state's licensing and approval processes for private vocational institutions, and the self-governance mechanisms, such as accreditation, of the institutions and sectors themselves. Many fear the SPRE program will result in an unnecessary administrative burden and consequent expenditure of scarce resources. As one campus representative remarked, "SPRE will become, not the reviewer of abuse, but an additional layer of oversight in an industry where oversight abounds."

Another campus representative said the SPRE standards appear "to create additional reporting burdens on academia and to develop state standards which will justify the appropriateness of federal expenditures to postsecondary education. Blatant fraud and abuse is rare. [The SPRE reviews] will not only locate and terminate those institutions which are defrauding and abusing their Title IV privileges [but also] institutions where the deficiencies are the result of many factors not related to deliberate misuse of government funds." Therefore, this representative said, SPRE should develop the most lenient standards allowable within the law.

Staff response. In creating the statute for the SPRE program, Congress clearly made a decision to bolster the existing structure that addresses fraud and abuse in the federal Title IV programs. It is logical that this law places some additional responsibility on all parties, including institutions, and tacitly creates some overlap among state, federal, and accrediting agencies.

The final federal regulations acknowledge this and direct each SPRE to develop standards that avoid the creation of excessive additional administrative burdens or data-collection requirements for reviewed institutions. Staff has been guided by this principle and believes that reviewed institutions will likely be able to demonstrate compliance with the majority of SPRE standards by utilizing existing data, documents, and reports.

Some standards will require some institutions, when referred and reviewed, to gather or generate some new material, and all reviewed institutions will have to devote some time and administrative resources to addressing a review, formatting its responding material, and taking any subsequent corrective steps, based on review findings, that might be required by SPRE. Congress believed that these demands on institutions' resources are more than offset by the importance to students of billions of dollars in annual federal student aid.

The draft California SPRE standards exceed statutory or regulatory authority

A number of commentators asserted that the proposed SPRE standards, in whole or in part, exceed the authority of the statute or the final federal regulations. One said, “the proposed standards are overreaching, intrusive and, in places, arbitrary.” Conversely, one maintained that “it is clear that the [California SPRE] standards do not overstep their mandate.”

Staff response Staff has drafted standards that it believes are neither stringent nor lenient, but are those necessary to implement the SPRE program in a way that affects the federal statute and regulations and provides adequate protection to California students and taxpayers insofar as fraud and abuse by institutions participating in Title IV programs are concerned.

SPRE should focus on fraud and abuse in Title IV programs

Several commentators pointed to a distinction made in final federal regulations that says the purpose of SPRE is to address fraud and abuse by institutions that participate in Title IV student aid, as opposed to increasing state oversight of postsecondary education, as stated in the Notice of Proposed Rule Making. However, some questioned whether the costs associated with the search for fraud and abuse will be in proportion to the potential for eliminating fraud and abuse in the Title IV programs. One commentator hoped that the SPRE reviews will be conducted with the intention to eradicate fraud and abuse but will also focus on assistance to institutions to correct unintentional errors.

Staff response Staff believes the structure of the proposed standards and the review prioritization process will, in fact, focus available SPRE resources on those institutions where there is the greatest likelihood of fraud and abuse in the Title IV programs. Federal regulations have made it clear that the focus of SPRE reviews should not be “technical” or incidental noncompliance. Following a review, SPRE may direct an institution to take corrective action in one or more areas of the SPRE standards.

SPRE should not supplant accreditation

Several commentators from academic institutions and related associations see the SPRE program as a threat to institutional autonomy and to be, perhaps, an effort to supplant the historical accreditation entities and process. SPRE was urged to “concentrate its oversight efforts on those schools that abuse the Title IV programs and oppose infringement upon the autonomy of those institutions that continue to uphold the public trust.” One commentator said most troublesome “is the prospect that the federal government and states will gradually move to exercise greater control over fundamental matters of institutional autonomy [which] could undermine the tremendous diversity and overall quality of this nation’s higher education system.”

Another commentator said the SPRE standards should “exempt good citizen institutions that are not misusing Title IV funds from the new review process [and] be very cautious about attempting to replace the voluntary accreditation associations.”

Staff response As has been stated on many public occasions by the Commission's executive director, there is no intent on the part of SPRE to supplant the traditional accreditation process with that of the SPRE program. Staff believes the federal SPRE process for USDE referrals, together with the prioritization process developed for implementation of the state standards will focus the SPRE effort on the appropriate institutions without serious negative impact on the "good citizen" institutions. In fact, the SPRE program should help restore public faith in the overall integrity of institutions that participate in the federal student aid programs and, therefore, will benefit the vast majority of California postsecondary students.

SPRE should defer to State law and regulations on vocational institutions

Private vocational schools and related groups maintain that the state's institutional approval process via the state Council for Private Postsecondary and Vocational Education (CPPVE) is the toughest in the nation and should be deferred to by SPRE in several key areas. Conversely, many of the same commentators objected to the integration of some of the provisions or features of the CPPVE regulations or statute into the SPRE standards. As one school owner wrote "California has the most comprehensive consumer protection laws in the country for students attending private career colleges and schools. Let [CPPVE] do their job without duplication or interference."

Staff response It is clear that Congress intended that all sectors, public and private, be subject to the provisions of the SPRE program, irrespective of existing spans of control. It is also apparent that several areas of State statute and regulation address aspects of the vocational institutions' operations that are also addressed by SPRE standards. Because these State rules and laws were not conceived with the sole intent of stemming fraud and abuse in the federal student aid programs, some are not directly applicable to, or a substitute for, the appropriate SPRE standard requirement. Other features of the existing State law are clearly suitable for incorporation in the SPRE standards. Staff has involved CPPVE staff in all ongoing discussions on the SPRE standards and believes that there will be close coordination in the future between both entities and other regulators to ensure coordination of efforts.

It is conceivable that a referred vocational school which is also reviewed by SPRE may be able to demonstrate compliance with SPRE standards by utilizing some of the information generated to establish or maintain compliance with approval requirements. Staff believes every effort should be made to ensure that the data requirements for SPRE standards and CPPVE approval process are, where appropriate, compatible. However, each approach is separate and distinct and must be supported by separate and distinct standards or regulations. (Please also see additional comments on page 4 in the first of these sections of comments.)

California's community colleges should

Many officials of the California Community Colleges believe that the SPRE program is being inappropriately applied to that segment, given the community colleges' governance structure and historical mission as an open-access postsec-

**be exempt
from many SPRE
standards**

dary institution For many key SPRE standards, the community colleges have recommended that SPRE defer to existing state statute, regulation, and administrative practice The community colleges also fear that the SPRE program will impose an unfair administrative burden in terms of compliance for institutions referred to SPRE by the Department of Education and selected by SPRE for review

Staff response While staff understands the special role which the California Community Colleges play in postsecondary education, it is very clear that Congress intended that all sectors, public and private, be subject to the provisions of the SPRE program It is also apparent that several areas of State statute and regulation address aspects of the public community colleges' operations that are also addressed by SPRE standards Because most of these State rules and laws were conceived for reasons unrelated to stemming fraud and abuse in the federal student aid programs, they are not, in many cases, directly applicable to, or a substitute for, the SPRE standards Staff also has attempted to incorporate maximum flexibility in the SPRE standards, where appropriate, which make it possible in any future review of a public community college to be responsive to special conditions not related to any fraud and abuse in the federal student aid programs that may cause that institution to be out of compliance with one or more SPRE standard

It is also possible that a referred public community college which is chosen for review may be able to demonstrate compliance with SPRE by utilizing some of the information generated to meet other needs or requirements (Please see additional comments on page 4 under the first item in these comments)

**Separate
standards for
individual sectors
of postsecondary
education are
either desirable
or undesirable**

Federal regulations allow states to establish separate SPRE standards for individual postsecondary sectors Comment was nearly evenly divided between academic degree-granting colleges and universities, which favor the proposed four sets of standards, and vocational institutions that believe there should be one set of SPRE standards for all sectors

One commentator maintained that California's four sets of SPRE standards should not be defined according to accreditation entity, that one accreditation entity should not be mentioned to the exclusion of other federally certified accrediting agencies

Staff response Staff continues to be convinced that it is appropriate to create separate standards, where appropriate, which reflect the differences among the very diverse sectors of California postsecondary education There are also a number of areas where staff believes the standards for each sector can be the same (As currently drafted, nine of the 14 proposed standards are identical across all sectors) Staff believes the reference to the Western Association of Schools and Colleges (WASC) in the two sets of standards where it now appears is appropriate because of a lack of suitable alternative language for identifying these institutions

The calendar for developing SPRE standards should be extended to permit continued public participation

Several comments were made concerning the public participation process for developing California's SPRE standards. One official said, "the review and development of SPRE standards has been a complex and fascinating process, where differing viewpoints have led to significant disagreements. But it has also been informed by the shared values of academia and of those who govern and regulate academia. Although those of us involved have differed on specific issues, we have found out a great deal about where we agree."

Many commentators advised an extended development and review period during which the standards would be reevaluated in light of both public comment and the final federal regulations. One said the standards are being pushed through a year ahead of time with little campus involvement. Another acknowledged a conscientious effort to incorporate segmental concerns in the SPRE standards.

Staff response Due to extensive public comments about the proposed draft standards as well as the need to reexamine those standards in light of the final federal regulations, staff has extended the development and adoption calendar for the SPRE standards. This has allowed time for additional meetings and consultation between staff and the SPRE advisory committee and other interested parties which should result in improved standards. The SPRE advisory committee is the primary means for campuses, districts, and sectors to express their views on various aspects of the SPRE program, but campuses are welcome to participate and many have sent representatives to the advisory committee meetings, all of which are open to the public.

The U.S. Department of Education has stated that it expects states to have their SPRE programs operational by December 1995. Commission staff intends to seek formal State-regulation status for these standards through the appropriate process with the Office of Administrative Law, and this will require significant time. Therefore, it is imperative that California move ahead now with developing this program or face federally imposed sanctions that would hurt postsecondary students in the State.

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Comments About Specific Standards

**Standard 1:
Information
for Students**
Reference:
**[34 CFR, Sec.
667.21 (a) (1) (2)]**

Several representatives of the California Community Colleges and the California State University maintained that many items required in the standard exceed the regulatory requirement. Commentators from the proprietary vocational school sector recommend deletion of most requirements in this standard on the basis that the SPRE provisions duplicate those of State law and regulation already administered/enforced by CPPVE. Many commentators recommended a far less inclusive standard based on the belief that, as drafted, it exceeds the statutory authority or is duplicative of other requirements such as those of either the accreditation and/or approval entities.

Staff response Staff disagrees with limiting this standard for three reasons:

- 1 The language proposed is that which is necessary to implement this portion of the federal law and regulations,
- 2 Providing students and their parents with comprehensive information about an institution is the most prudent and effective insurance that can be provided to safeguard the federal Title IV programs, and, in many ways, is the cornerstone upon which the rest of the SPRE effort is built, and
- 3 It does not represent any significant new burden or expense for most institutions.

Staff has listened carefully to the comments of the advisory committee members and others and believe they have crafted a standard that, while comprehensive from the student point-of-view, requires little or no effort beyond what conscientious institutions are already doing in terms of providing adequate student/consumer information. This standard casts these good practices in terms of requirements in the context of preventing fraud and abuse in Title IV programs. It is also worth noting that a review of the standards as proposed by 11 other states (Florida, Idaho, Kentucky, Missouri, Nevada, New York, Pennsylvania, Tennessee, Kentucky, Washington, and West Virginia) reveals that California's proposed standard is similar to that proposed in other parts of the country.

Staff is prepared to revise the requirements concerning owners, governing board members, and the like, so that institutions must identify those persons but need not make specific reference to their titles and business addresses.

Records or information needed to demonstrate compliance A student catalog, handbook, financial aid guide, enrollment view book, and all other information materials provided to students in whatever media utilized, plus documentation that these materials were made available to students in a current form and a timely

manner To document the accuracy of these materials, the institution should have available current course syllabi/outlines being used in classes, a schedule of classes currently being offered, and any other pertinent materials that can be compared with the published descriptions of its courses and programs

Standard 2:
Admissions
Requirements and
Procedures
Reference:
[34 CFR, Sec.
667.21 (a) (3)]

Commentators from both the community college and the private vocational sectors recommended limiting this standard to “regular” students There were requests for clarification of whether the State matriculation process for community colleges was covered, and for the language for the WASC-accredited institutions’ student appraisals criteria in (a) (1) A recommendation was made by the vocational school sector to remove any reference to existing State law, and to consistently use the term “program of study ”

Staff response Federal regulations set application of the SPRE standards to all regular students as the minimum threshold for compliance, however, staff believes such a limitation does not provide adequate protection for all California students The state matriculation process for public community colleges is covered under “compliance with applicable federal law ”

Staff agrees that “program” of study should be used throughout the standards and that the language in (a) (1) for the WASC senior institutions can be clarified A review of the standards as proposed by several other states reveals that California’s proposed standard is similar to that proposed in other parts of the country

Records or information needed to demonstrate compliance Published policies on admission standards, Ability to Benefit tests used, individual student records of high school diploma or GED, or results of student testing or other admissions methodology criteria, individual records of student aid and subsequent placement

Standard 3:
Academic
Progress and
Student Records
Reference:
[34 CFR, Sec.
667.21 (a) (4) (5)]

Most commentators from the private vocational school sector asked for conformity between standards for CPPVE-approved and WASC-accredited institutions Several commentators from different sectors said that requiring an institution to keep all of its records in fireproof storage exceeds statutory authority and would be prohibitively expensive Several community college representatives pointed out that Social Security numbers cannot be required of students who are not federal aid recipients, and that the State Education Code sets three years as the maximum for most record retention in the community colleges, so they should not be required to adhere to new standards of record retention under the SPRE

There appears to be consensus among the sectors in favor of the portion of this standard, as currently written, that addresses academic progress The major objection to the record-keeping portion of the standard addresses the requirement that all records be kept in a fireproof storage, with many commentators correctly pointing out that this is a federal requirement relating only to financial aid records Some also questioned the five-year record retention requirement, and the requirement for Social Security numbers

Staff response: Staff believes the standard can be clarified, and most comments addressed, by rewording the text for all sectors in (b) (1) to say “ student records must be maintained in a manner and for a period that is consistent with the appropriate accrediting agencies, approval boards and applicable state and federal laws and regulations ” In (b) (1) (A) following “Social Security number,” insert the words “or other assigned identification number, as applicable,” and retain the existing text for (b) (1) (B) through (E) With these changes, staff believes there would be little, if any, additional burden placed on institutions

A review of the standards as proposed by several other states reveals that California’s proposed standard is similar to that proposed in other parts of the country It should be noted that most states, however, have proposed standards that are reflective of institutional makeup and governance in those states

Records or information needed to demonstrate compliance. The appropriate permanent individual student records, including those for financial aid, in terms of maintenance, content, and retention for the required period of time

**Standard 4:
Health and Safety**

No significant concern was expressed, and there appears to be consensus among the sectors in favor of this standard as currently written

**Reference:
[34 CFR, Sec.
667.21 (a) (6)]**

Staff response: A review of the standards as proposed by several other states reveals that California’s proposed standard is similar to that proposed in other parts of the country It should be noted that some states, however, have proposed a far more specific and comprehensive language for this standard One citation as a model for a more comprehensive standard is the criteria for Veterans education and training benefits [38 CFR, Section 21.4254 (c) (8)] In some states, the SPRE has elected to include the records/information needed for compliance as part of the standards language

Records or information needed to demonstrate compliance Copies or original inspection certificates or certificates of occupancy documenting compliance with applicable local and state inspection codes for all owned and leased facilities used by the institution for the most current evaluation period Certification by the appropriate institution official that the institution’s standards and procedures for inspection and maintenance are consistent with recognized model building and life safety codes (e g , ANSI, BOCA, CABO, ICBO, NFPA) Records of inspection using these procedures that document specific discrepancies and/or violations, and documentation of appropriate actions taken to correct such deficiencies

**Standard 5:
Financial and
Administrative
Capacity**

Community college representatives maintained that these institutions should be exempted from the requirements in the standard because the State of California is the final fiscal authority for these institutions Representatives of proprietary institutions asked for conformity between CPPVE-approved schools and the stan-

Reference: dards for WASC-accredited institutions Otherwise, there appears to be consensus in favor of this standard as currently written
[34 CFR, Sec. 667.21 (a) (7)]

Staff response Staff believes this standard is appropriate as drafted for all sectors and that the individual standards reflect each sector's governance policies and procedures and are necessary to effectively implement the SPRE program in California Staff does not believe the SPRE standard can exempt public community colleges based on their legal/fiscal governance status

A review of the standards as proposed by several other states reveals that California's proposed standard is similar to that proposed in other parts of the country It should be noted, however, that only two other states make reference to GAAP, and that one has proposed a far more specific and comprehensive standard

Records or information needed to demonstrate compliance A current copy of the institution's administrative policy manual or its equivalent (including organization charts and table, and the names of office holders) Current annual budgets, copies of certified audits and management letters for the three most recent years (Note 34 CFR Sections 668 13, 14, 15, and 16 set the requirements for institutions to demonstrate financial responsibility, and the capacity to adequately administer Title IV programs)

Standard 6: There appears to be consensus among most sectors in favor of this standard as currently written However, public community colleges believe existing state law covers this standard for that segment Private vocational schools want references to existing state law on "teach-out" requirements for this sector removed from the standard and for the financially-at-risk determination to be made by the U S Department of Education
Institutions
Financially
at Risk
Reference:
[34 CFR, Sec. 667.21 (a) (8) (i)
(ii)]

Staff response Staff believes this standard is appropriate as drafted, including the specific inclusion of the teach-out plan A review of the standards as proposed by several other states shows that California's standard is similar to that proposed in other parts of the country Most states specifically specify that the "at risk" finding is to be made by the SPRE, however, in some other states, that determination is deferred to the Secretary of Education, and, in one additional case, is defined as a joint finding between SPRE and an accrediting agency

Records or information needed to demonstrate compliance A written plan that details the standard's requirements, written agreements with other institutions to receive transferring students and their records, detailed descriptions of the arrangements made with the appropriate agencies to transfer any allowable student aid to a receiving institution, appropriate agreements that enable students to use institutional scholarships or grants or other funds while completing their program of study at another institution

**Standard 7:
Vocational
programs; relation
of tuition and fees
to expected wages**

**Reference: [34
CFR, Sec. 667.21
(a) (9) (i) (ii)]**

One commentator from the private vocational school sector expressed support for disclosure of total program tuition and fee charges as compared to the average annual salary only if such disclosure included information as to the total cost of education for those institutions that are subsidized by public funds

An official of a private CPPVE-approved institution expressed concern about the tuition caps it believed would be placed under this standard and said the standard's provisions would significantly impact the institution's ability to offer professional health-care training to students who cannot afford baccalaureate programs. Another from this sector said government regulations of price impedes a free-market economy and will not serve the public interest

Most commentators from the proprietary vocational sector said this standard is the most important and potentially intrusive of all the SPRE standards for institutions in this sector and recommended a disclosure standard that would let students make up their own minds. Some from this sector said this standard as drafted would violate State and federal statutes prohibiting price fixing and would therefore be unenforceable. Others said this standard does not provide for the differences in income, cost of living and unemployment rate of the varying regions in the State and that the standard should link loans and income. Some expressed fear that the proposed standard will put many private trade schools completely out of business. Some said linking tuition and fees to wages leaves out the school's cost factor and that many programs require special equipment and technology that impacts the cost. If a formula is needed, the SPRE should use one that compares student loan borrowing at the school with annual salary data

Several commentators said, because individual public community colleges have no authority to set or adjust their student enrollment fees which are set in state statute, these institutions should not be held to a SPRE standard

Many commentators recommended the use of starting salary information because it is commonly available from official sources

A representative of a public university said SPRE must meet a substantive due process requirement of rationality for any judgmental (i.e., reasonableness) standard it adopts, and SPRE must be able to explain why the standard adopted makes sense

A trade school student said such schools are becoming increasingly necessary to train and or retrain people to get into the work place quicker and off of unemployment, disability, and welfare. SPRE should not set standards that could harm private trade schools or force them to close

A trade school representative said private career colleges in California are already over burdened by varying levels of regulation, and that SPRE should defer to CPPVE findings

One technical school representative suggested that SPRE could be a positive force if it would focus not on regulation but instead on information

An official of a professional college said the proposed standard, unlike any of the others, threatens the viability of the entire private vocational school business in the state of California, and advised SPRE to focus its energy on quality education and full disclosure to the consumer

A representative of a independent university reports it cannot meet the proposed standard and the standard would be a hardship for all nursing programs because of the relative high-cost of nursing education

Staff of a regionally accredited independent university say that the federal guidelines provide a more precise distinction between professional and vocational programs and that SPRE should adopt them

The director of a private college of law said tuition rates cannot be set by some arbitrary formula but must reflect the cost of providing the educational services required for the program

Commentators from private institutions believe the standard is tilted in favor of public institutions because it lacks consideration of the cost difference between a public and a private institution, and that using average salaries will discount the value of lower-paying legal careers in the public sector or for *pro bono* legal work, but that average beginning salaries would themselves be an improper yardstick unless adjusted for type of work, profession and geographical area

Several commentators pointed out the final federal regulations dropped the reference to professional programs

In summary, nearly all the commentators objected to one or more facets of this standard. Among the reasons it would interfere with the process of setting an institution's prices based on the free market and would have the unfair and unlawful effect of placing tuition caps on certain programs, it does not take into account the relatively higher cost of providing some types of training/education, it would cause many schools to close and therefore would limit educational opportunities, it unfairly favors public schools over private institutions, it would disadvantage schools where graduates/completers elected public-service careers, and, for public community colleges, it is nonapplicable because those institutions cannot set their tuition and fees independent of the State Legislature. Many favored a standard which required only that an institution "disclose" its tuition and fee costs and the likely salary information.

Staff response As noted by several commentators, this standard is now limited to vocational programs only and will be so revised. Because the federal regulations speak to tuition and fees and expected salary, staff does not believe this standard can directly address the issue of institutional cost for either public or private institutions.

Federal regulations have consistently called for quantification in this standard and staff has explored options which meet this requirement and some that would not. In the latter instance, staff sought feedback from the sectors on the issue of wheth-

er a quantified standard would, in the opinion of the sectors, contravene any state law prohibiting price fixing. If so, staff believed some basis might exist for obtaining federal approval for a disclosure-type standard. Staff drafted such a standard for the purposes of discussing this approach with the SPRE advisory committee and others. However, in the absence of receiving any information to support the contention that a quantified standard breaches California law, staff has returned to exploring how best to draft a standard that includes the quantification criteria called for in the final federal regulations.

The most often cited approach in other states drafting SPRE standards is that in which the tuition and fees will be deemed excessive if the total cost exceeds the annual average statewide entry-level salary, in other words a ratio of 1:1 between tuition/fees and expected annual starting salary. Some states have elected to use ratios above 1:1. This approach does provide for a quantified standard that would be fairly easy to calculate from available official sources of employment/salary data, and is supportable to the extent it meets a reasonability test that, in most cases, one should not pay more for vocational training than one can reasonably expect to make annually upon program completion. Therefore, the staff believes a minimum tuition/fee-to-salary ratio of 1:1 is most appropriate. For programs of one year or less, the tuition and fees will be those charged for the total program, for programs of more than one year, the tuition and fees will be those charged annually. Salary will be annual entry level salary as reported by the state Employment Development Department for the appropriate region. Institutions which do not meet the 1:1 ratio requirement must demonstrate to the SPRE's satisfaction that special circumstances (such as the high cost of specialized technical training or equipment costs, or a majority of graduates/completers elect to accept public-service employment) prevent the institution from meeting this portion of the standard.

Records or information needed to demonstrate compliance. A list of vocational programs by length of program, total program fees and tuition, annual entry level salary data for the appropriate region(s) as provided by the State Employment Development Department.

Methods for determining if tuition and fees are excessive compared to future salary potential. Total tuition and fees for programs of one year or less in length, or the annual tuition and fees for programs of more than one year must be equal or less than the average annual entry level salary for the appropriate region or regions, according to current data from the California Employment Development Department.

**Standard 8:
Professional and
vocational programs;
labor market,**

The representative of a public university said that this standard's requirements should be limited to providing students with information regarding job and market availability and the relationship between the program course and State licensing standards. One also said requiring all occupations to be disclosed is not a measurable standard.

**licensure and job
information**

Reference:
[34 CFR, Sec.
667.21 (a) (10) (i)
(ii)]

The representative of a regionally accredited independent university objected, on principle, to listing occupations, job titles, labor market conditions, and other such information. Various representatives of the community colleges advised dropping most details in the standard because they exceeded regulatory requirements and authority. One also said that requiring a listing of all occupations is not a measurable standard.

Representatives of proprietary schools questioned the source for labor market information.

Commentators from a public university maintained that the requirements exceed statutory authority, specifically objecting to the requirement for descriptions of fields of instruction offered, and purposes and educational objectives. Some also contended that this standard represents an undue data gathering and reporting burden.

All in all, most commentators who addressed this standard objected to the level of detail required in the draft as exceeding the statutory authority and/or representing an undue data gathering and reporting burden.

Staff response. Staff concurs that the standard can be streamlined, while continuing to provide students with the information necessary to make informed decisions that may help lead to reduced fraud and abuse in the federal Title IV programs. The changes recommended are: delete all existing text in (a) (1), insert “for occupations to which each vocational and professional program is represented to lead, current job market conditions and employment prospects as reported by the state Employment Development Department.” All of (a) (2) and (3) can then be struck. At (b) (2), insert “any requirements beyond the completion of the institution’s programs’ necessary to meet applicable licensure requirements”, move the existing text in (b) (2) to a new (b) (3). These changes should be uniform across sectors.

Records or information needed to demonstrate compliance. Student catalogs and other information material such as program descriptions, student handbooks, information supplied to students regarding job availability, and data compiled by the institution to demonstrate compliance with Standard 14.

Standard 9:
Appropriateness
of Course Length

Reference:
[34 CFR, Sec.
667.21 (a) (11)
(12)]

Officials of California’s community colleges believe SPRE should conclude that compliance with State regulations is acceptable for meeting this standards for this sector. Other commentators asked for a definition of “excessively long.”

Staff response. Staff believes that there is essentially agreement from most sectors about this standard and that it effectively implements the law and regulation. Nevertheless, it can be further streamlined and clarified to say that institutions can demonstrate compliance by showing that a program meets the requirements set

forth by State or federal occupational licensing agencies or the appropriate accrediting entity. The changes will eliminate the term “excessively long.”

Records or information needed to demonstrate compliance Documentation that each program is of appropriate length based on applicable state or federal licensure, or applicable accreditation standards

**Standard 10:
Owner,
Administrator
Conduct**

There appears to be general agreement on this standard as written. However, one commentator questioned the sufficiency of the standard and another asked if posting a fidelity bond would meet the standard’s requirement.

**Reference:
[34 CFR, Sec.
667.21 (13)]**

Staff response In the absence of many comments, there appears to be consensus among the sectors in favor of this standard as currently written. However, a review of the standards as proposed by some other states shows that California’s proposed standard differs from that of several other states in that it does not require certification that no official has been convicted or has pled *nolo contendere* or guilty to a crime involving Title IV funds. Given the focus of the SPRE program on fraud and abuse in the federal aid programs, staff believes this requirement should be added to the standard.

Staff also believes some other modifications will strengthen and clarify this standard -- adding a requirement to include “individuals with fiduciary responsibility”, and using “majority” to modify “shareholders.” Staff is seeking additional information and comment about how a fidelity bond would function in the context of this standard.

Records or information needed to determine compliance Copies of the institutions’ policies and procedures governing conflict of interest, certification that no administrator, owner, shareholder, board member or other official has been previously convicted of or pled *nolo contendere* or guilty to a crime involving funds under Title IV, certification that no administrator, owner, shareholder, or board member has been convicted of a crime or been judicially determined to have committed fraud involving institutional funds, a list of owners with substantial control, list of board members, list of administrators, and copies of signed conflict-of-interest statements by all responsible institutional personnel.

**Standard 11:
Student
complaint
procedures**

The majority of commentators agreed with the standard as written, but two of them made reference to the record retention period -- one mentioning “the statute of limitations associated with causes of action with respect to student complaints or false or misleading advertising,” and the other citing the community colleges’ three-year record retention regulations.

**Reference:
[34 CFR, Sec.
667.21 (14)]**

Staff response While there seems to be essential agreement among the sectors over this standard as drafted, further consideration can be given to the record

retention issue. The staff has proposed, thus far, what it believes to be a standard five-year record retention requirement (this is also the retention period specified in the General Accounting Regulations of the U S Department of Education), but seeks additional comment on this issue. Because a three-year retention period is consistent with the current practices and State regulations for community colleges, staff is prepared to amend the standard for that sector accordingly. This will reduce any additional administrative burden for that sector and should still provide a basis during a review to access potential fraud and abuse in the federal Title IV programs.

Records or information needed to demonstrate compliance: Student catalog, handbook, or other information materials, copies of the institution's policy and procedures on student complaints, a record of formal student complaints and their resolution/status.

Standard 12
**Advertising/
promotion
and recruitment
practices**
Reference:
[34 CFR, Sec.
667.21 (15)]

One commentator questioned whether the standard is adequate, and another recommended revising the record retention requirements to "coincide with standards for the statute of limitations associated with causes of action with respect to student complaints or false or misleading advertising." Community colleges want a three-year retention to coincide with current regulations and practice, and objected to having to provide students with proof of claims. Another commentator suggested asking for samples from each year as opposed to every document.

Staff response: There seems to be more agreement among institutions regarding this standard than there is disagreement. Because a three-year retention period is consistent with the current practices and state regulations for community colleges, staff is prepared to amend the standard for that sector accordingly. This will reduce any additional administrative burden for that sector and should still provide a basis during a review to access potential fraud and abuse in the federal Title IV programs. Staff would like more comment on the idea of accepting a sample of material rather than all material from each year.

Records or information needed to demonstrate compliance: Catalog, handbook, recruiting brochures, videos and other informational material given to students, copies of advertisements for the appropriate period.

Standard 13:
Refund policy
Reference:
[34 CFR, Sec.
667.21 (16)]

Commentators either agreed with the standard as written or offered minor text changes.

Staff response: There appears to be consensus among the sectors in favor of this standard as currently written.

A review of the standards as proposed by some other states reveal that California's proposed standard is similar to that proposed in other parts of the country.

Some states cite paragraph 484 B of HEA of 1992 as the applicable federal law for Title IV students

Records or information needed to demonstrate compliance A written refund policy, records of refunds made, audit reviews, catalog or other current informational materials, and enrollment contracts where appropriate

**Standard 14:
Student outcome
measures**

Reference:
[34 CFR, Sec.
667.21 (17) (i) (ii)
(iii) (iv) (v)]

Several representatives from the State University system said this standard is arbitrary and inconsistent with that segment's mission and those other universities serving many older, part-time students. They advised SPRE to recognize that student choice makes a real difference in the timing and achievement of student completion outcomes, and said that experience with the federal Student Right to Know Act (Public Law 102-26) suggests that cautious development of appropriate methodologies and definitions is preferable to a hastily and arbitrarily established standard. They said it is premature to set quantitative thresholds on indicators of success and accountability because there are no agreed-upon conceptual or empirical bases from which to study and recommend alternatives at this time, and that it is impossible for SPRE to develop a legally defensible basis for establishing standards for success with the information currently available to it. SPRE, they said, should propose to study indicators of student/institutional success and the relationships of these indicators to indicators of potential fraud, waste, and abuse with federal financial aid programs before establishing this standard.

One public university representative asked if the goal was to propose SPRE regulations that have a genuinely chilling effect on higher education and public participation in and support for higher education, or to develop regulations that go after malfeasance and misbehavior of institutions that participate in federal Title IV programs.

A public university system administrator asserted that the focus of accountability in higher education is increasingly on student learning results and, therefore, the four-year or the six-year graduation rate makes no sense as a measure of an institution's strength or effectiveness. This commentator said SPRE should consult with the higher education community and its institutional researchers in developing this standard.

Another commentator from a public university system said that very few public institutions have graduation rates of 50 percent and, therefore, a rate above average graduation outcomes is not an acceptable legal definition of the beginning point of success. The representative said that SPRE must meet a substantive due process requirement of rationality for the success standards it adopts, and it is not clear that the rates established have a direct correlation to Title IV fraud and abuse.

A representative of the student financial aid community and others said the standard should be rewritten to coincide with the reporting requirement and procedures of the Student Right to Know Act so that institutions are not required to collect different sets of data to measure the same outcomes.

Representatives of the community colleges urged that further action on the standard be deferred until sufficient discussion and research provides the basis for rational and meaningful student outcome measures to be defined that correspond to the requirements of the federal regulations

Representatives of the vocational school sector said SPRE should not establish a specific minimum numerical graduation/completion rate and that staff should use standard deviation analysis. Another said arbitrary standards without regard to such factors as economic conditions and student demographics will force institutions and students into decisions which may not be in the public interest. Many schools in this segment, the commentator said, have become involved in retraining in response to demonstrated need in the local community, and in serving disadvantaged student populations.

Another commentator from the private vocational segment advised SPRE to establish a more reasonable standard such as requiring the licensure pass rate to be not less than one standard deviation below the examining board's average pass rate, and that SPRE should incorporate the statutorily defined exceptions and conditions associated with completion, placement and licensure for institutions overseen by CPPVE.

A representative from the community college segment stated that the standard contains criteria that no community college in the country will satisfy.

A commentator representing the regionally accredited independent college and university sector said such institutions would not be well-served by a single process designed to respond to the public demand for more accountability.

A representative of the community college financial aid community said to limit this standard to "regular" students, and that data for non-regular students is impossible to collect. They questioned whether the 70 percent placement rate is based on statistical data.

A community college representative said standards relative to graduation rates, withdrawal rates, job placement rates are certainly not based on any statistical research that the institution is aware of, nor do those rates reflect the diversity of the missions of the various colleges and the diverse student population served.

A representative from another community college maintained that few community colleges will meet the SPRE standard of a 25 percent completion rate, and that the requirement of an above-average licensure pass rate will, by definition, 'flunk' half of all colleges.

A commentator from a private vocational school asked that SPRE set graduation/completion rates which recognize and take into account the diversity of institutions which are subject to these standards and which regard the different institutions' missions, and that a high completion rate may, in fact, force institutions to shift their missions away from serving high-risk students.

A technical school representative said that proprietary schools covered by CPPVE

have had to live with these graduation/completion standards since 1989, and that public education segments will not allow themselves to be governed by this type of provision. SPRE, this commentator said, should consult with CPPVE and ask for the same information in the same manner.

An official of a private university approved by CPPVE said SPRE is wrong if it assumes that a graduation rate will help identify student success and institutional commitment to a program, and that high passage rate on examinations such as the state Bar can be attained by restrictive admissions but at a price of diminished ability to provide educational opportunity to many truly deserving students.

Representatives from regionally accredited independent institutions said a dictate of a 70-percent placement rate misses the fundamental point of higher education and advances a purely instrumental view of learning. They are not comfortable with the proposed graduation rate and do not support the effort to establish absolute time-to-degree standards. It is reasonable, they say, to look at graduation rates, but it is not reasonable to set institutional thresholds for completion time *a priori*. In addition, a 70-percent placement rate requirement for such institutions militates against their institutions' missions of intellectual growth and enrichment. Thus, SPRE should not attempt to set standards for rates of placement in any programs offered by institutions accredited by WASC.

Several commentators from various segments said it would entail an undue regulatory burden for institutions to develop and maintain statistics on all of these factors.

The following paragraphs summarize comments and staff responses for (1) graduation or completion rate (with comments categorized by sector), (2) withdrawal rate, (3) job placement rate, and (4) licensure pass rate.

1. Graduation/completion rate

Non-degree granting institutions approved by the Council for Private Postsecondary and Vocational Education (CPPVE). A number of commentators representing institutions of this type indicated that the SPRE should recognize the current graduation/completion requirements imposed by CPPVE and not establish a SPRE standard that differs from that required by CPPVE. Others from these institutions suggested that the SPRE not specify minimum numerical graduation/completion rates, but use standard deviation analysis for establishing acceptable graduation/completion rates for these institutions. Other commentators noted that establishing a quantified standard may result in some institutions moving away from serving disadvantaged students.

Staff response. Throughout the development of SPRE review standards, the Commission has been particularly concerned about the additional administrative burden that may be placed upon institutions as a result of establishing different standards than those with which the institution must currently comply. As a result, the Commission's proposed standard in this area has been consistent with that established by the CPPVE. Because the Commission does not seek to increase the level

of burden or regulation with which these institutions must comply, it has rejected the suggestion that standard deviation analysis be used for establishing acceptable graduation/completion rates for these institutions

The Commission joins in the concerns from the postsecondary education community about the possibility that a quantified standard may result in some institutions moving away from serving disadvantaged student populations. As a result, included in the proposed standard is an opportunity for an institution that does not meet the quantified standard to explain why it does not. If such explanation is compelling (such as serving a cohort of students whose family circumstances significantly strain their ability to complete their educational program), that institution would be determined to be in compliance with the review standard, despite the institution not meeting the quantified standard. This language has been incorporated into the proposed standard for all four institutional groupings

WASC accredited senior colleges and universities. A number of commentators indicated that the Commission's proposed standard was arbitrary and that it failed to recognize the varied missions and students served by California's baccalaureate-granting colleges and universities. Some also indicated that they questioned the correlation of the proposed standard with fraud and abuse in the Title IV programs. Others noted that the graduation rate was not a logical measure of an institution's strength or effectiveness

Staff response. To date, the Commission has not been as explicit as it might have been in articulating how it developed the standard proposed in this area. From the outset, the Commission staff had attempted to establish this standard based upon an examination of the graduation rates of all institutions within this group and set the review standard at one standard deviation below the average weighted graduation rate for such institutions. The Commission staff's initial estimation of the average weighted six-year graduation rate for all students enrolled in such institutions was 60 percent, with an estimated 10 percent standard deviation, hence, the graduation rate requirement of 50 percent in the standard originally proposed. Assuming that the graduation rates of these institutions were distributed normally, such an analytical approach would result in approximately 16 percent of all institutions within this group needing to provide an explanation to the SPRE -- if they are reviewed -- as to why their graduation rates were at the lower end of all institutions within this classification

Unfortunately, comprehensive and timely graduation rate information is not available for the majority of the state's independent colleges and universities. As a result, in reviewing this standard further, Commission staff analyzed the six-year graduation rates of all students who entered both the California State University and the University of California. Based upon that analysis, Commission staff estimate that approximately 56 percent of all students, both full and part-time, who enter those institutions graduate within a six-year period. Further, the staff analysis shows that the standard deviation among the individual campuses' graduation rates was approximately 11 percent

As a result, the Commission is proposing to revise the standard to require that an institution in this classification have a graduation rate equal to or in excess of 45 percent (56 percent less 11 percent) in order to comply with this standard without further review. Should an institution fail to have a graduation rate of at least 45 percent, the institution must provide compelling evidence to the SPRE as to the reason(s) why its graduation rate falls below that level. This revision will also be made in the standard proposed for the CPPVE-approved degree-granting institutions.

As noted above, a number of representatives questioned the correlation between the Commission's proposed graduation rate standard and evidence of fraud and abuse in the Title IV student financial aid programs. From the outset of the program, Commission staff has repeated that the correlation between graduation rates and fraud and abuse is not well documented. If the correlation between these two factors was clearly understood, development of this standard would have been simplified and far less contentious. In developing this statutorily required quantitative standard, staff has attempted to create a simple, logical, and reasonable standard in this area. Since the correlation between fraud and abuse and graduation rates is not clear, staff believes that it is appropriate to ask those institutions that are reviewed and that have graduation rates at the lower end of all institutions in this classification to explain the reasons for their low graduation rates. Simply having a graduation rate below the 45 percent level does not mean that the institution is engaged in fraud and abuse, it does suggest that the institution's graduation rate is significantly lower than that of other institutions within this classification. Further, because an institution's graduation rate is low in relative terms to other institutions, in conducting a review, the Commission staff believes that the SPRE should analyze more closely why that is the case to determine if the lower graduation rate is a function of fraud or abuse at the institution, or is related to other institutional and student-centered factors.

It should be noted that under the SPRE program, the Commission is not developing performance measures for postsecondary education institutions. Rather, it is developing minimum standards which, if met, suggest -- although do not guarantee -- that an institution is unlikely to be engaged in fraud or abuse. Hence, the 45-percent graduation-rate standard proposed above represents the level below which the Commission believes it is necessary to examine the institution more closely to see if the lower graduation rate is a function of fraud or abuse of the Title IV student financial aid programs. The Commission disagrees with some who indicated that an institution's graduation rate was not a logical measure of its strength or effectiveness. The Commission believes that the graduation rate is one, but only one, of several indicators of the effectiveness of an institution in teaching students.

WASC accredited community and junior colleges. Many commentators from this sector indicated that no basis exists for developing a standard in this area. They added that, until additional research is completed, no standard should be developed. Others noted that the standard should be limited only to regular students.

Staff Response The Commission acknowledges that the data available in this area are limited, however, the Commission must develop a standard to meet the requirements of federal regulation. As a result, the Commission has proposed a 25 percent combined graduation/completion/transfer rate for the institutions in this classification. The Commission received no recommendations about an appropriate rate, only that it was premature to develop a standard or that no rate is appropriate given the unique mission of California's public community colleges. Given the lack of empirical data to develop a more meaningful alternative standard, the Commission's standard for these institutions remains as originally proposed.

Several commentators noted that the standard should be limited to "regular" students only. Unfortunately, the public community colleges do not have a comprehensive system in place for identifying all "regular" students -- students enrolled for the purposes of receiving a degree or certificate. As a result, since the Commission does not intend to increase the level of administrative burden placed on community colleges by requiring them to develop a system for identifying all regular students, the Commission's standard applies to all students enrolled in credit courses. Should the community colleges decide in the future to develop a comprehensive system for identifying all "regular" students enrolled each term, the Commission could then reconsider whether this standard should be applied to regular students only.

Records or information needed to demonstrate compliance Access to all student records, graduation rate calculations, and any other information necessary for the SPRE to determine the validity of the graduation rates reported by the institution.

Methods and procedures that institutions must use to calculate rates: The methodology to be used by Council-approved non-degree granting institutions is identical to that required by CPPVE. Council-approved degree-granting institutions and WASC-accredited baccalaureate-granting institutions shall disclose the percentage of their undergraduate students who graduate from the institution within six years from the date of first enrollment. WASC-accredited junior colleges shall disclose the percentage of their students enrolled for credit who graduate, receive a certificate, or transfer to a baccalaureate-granting accredited institution within four years from the date of their first enrollment.

2. Withdrawal Rate Standard

No comments were received regarding the Commission's proposed withdrawal rate standard. As a result, no changes have been made in this standard.

3. Job Placement Rate Standard

Representatives from Council-approved non-degree-granting institutions commented that they hoped that the Commission's standards would be consistent with the requirements already imposed upon them by the Council. They added that they

looked forward to their competition in the public sector having to demonstrate that they are effectively serving students by ensuring that at least 70 percent of them are placed in jobs related to their field of study. A number of commentators representing junior colleges indicated that the Commission's proposed 70 percent job placement rate for students completing vocational or professional programs lacks any statistical basis. Further, those representing WASC-accredited "senior" colleges and universities noted that such a standard misses the fundamental point of higher education and advances a purely instrumental view of learning. These representatives also indicated that such a standard violates their mission of intellectual growth and enrichment and, as such, they should be exempted from any such requirement.

Staff response The federal regulations require that a quantified employment placement rate standard be developed to apply to all institutions offering vocational or professional programs. No institution offering such programs is exempt. However, this standard does not apply to programs that are not vocational or professional in nature.

As previously indicated, throughout the development of SPRE review standards, the Commission has been particularly concerned about the additional administrative burden that may be placed upon institutions as a result of establishing different standards than those with which the institution must currently comply. As a result, the Commission's proposed standard for job placement has been consistent with that established by the CPPVE.

The Commission believes that if an institution, whether public or private, graduates students from a vocational program -- hence implicitly certifying that they have acquired the skills of a given vocation -- their likelihood of being employed in a field related to that in which they were trained should not be a function of whether they attended a public or private institution. Given this belief, since the standard applies to only those students who successfully complete or graduate from a vocational program, the Commission has no analytical justification for establishing a different standard for vocational programs offered by the State's public postsecondary education institutions than that established for private for-profit institutions. Thus, the standard originally proposed by the Commission remains unchanged.

The Commission did not receive comments about what alternative percentage should be established for the placement rate standard for professional programs. As a result, no further change has been made in that proposal.

Records or information needed to demonstrate compliance. Access to all student records, job placement information, placement rate calculations, and any other information necessary for the SPRE to determine the validity of the placement rates reported by the institution.

Methods that institutions must use to evaluate rates The methodology to be used by Council-approved non-degree granting institutions for calculation of place-

ment rates is identical to that required by CPPVE. Council-approved degree-granting institutions and WASC-accredited senior colleges and universities shall disclose the percentage of their professional program graduates who are employed in an occupation related to their educational program as defined by the National Occupational Information Coordinating Committee (NOICC) within six months of their graduation from the institution. WASC-accredited community and junior colleges shall disclose the percentage of their vocational program graduates who are employed in an occupation related to their educational program as defined by the NOICC within six months of their graduation from the institution.

4. Licensure Pass Rate Standard

Several commentators noted that by setting an institution's licensure pass rate standard at the average pass rate of all first-time test takers, half of the institutions would have to provide a justification to the SPRE as to the reasons their passage rate was below the average. Some added the suggestion that the standard be revised to require only those institutions with a passage rate one standard deviation below the mean to explain their lower passage rate to the SPRE.

Staff response Upon further analysis, the Commission staff agrees that the originally proposed standard may have been too stringent, given the focus of the program on fraud and abuse. As a result, the Commission is proposing to revise the standard to require that an institution's licensure pass rate for first-time test takers who have completed the educational program equal or exceed one standard deviation below the average licensure pass rate of all first-time test-takers.

Records or information needed to demonstrate compliance Access to all student records, licensure pass rate information, licensure pass rate calculations, and any other information necessary for the SPRE to determine the validity of the licensure pass rates reported by the institution.

Methods that institutions must use to calculate rates All institutions shall calculate the licensure pass rate of the first-time test takers graduating from the institution.

SPRE review priority process	There is general support among the sectors for the proposed review priority process.
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SPRE review appeals process	Most commentators want to see additional details but generally support the focus thus far on an appeals process.
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CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature

Members of the Commission

The Commission consists of 17 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. Six others represent the major segments of postsecondary education in California. Two student members are appointed by the Governor.

As of October 1994, the Commissioners representing the general public are

Henry Der, San Francisco, *Chair*
C. Thomas Dean, Long Beach, *Vice Chair*
Elaine Alquist, Santa Clara
Mim Andelson, Los Angeles
Jeffrey I. Marston, San Diego
Guillermo Rodriguez, Jr., San Francisco
Melinda G. Wilson, Torrance
Linda J. Wong, Los Angeles
Ellen F. Wright, Saratoga

Representatives of the segments are

Roy T. Brophy, Fair Oaks, appointed by the Regents of the University of California,
Yvonne W. Larsen, San Diego; appointed by the California State Board of Education;
Alice Petrossian, Glendale, appointed by the Board of Governors of the California Community Colleges,
Ted J. Saenger, San Francisco, appointed by the Trustees of the California State University,
Kyhl Smeby, Pasadena, appointed by the Governor to represent California's independent colleges and universities, and
Jaye L. Hunter, Long Beach, appointed by the Council for Private Postsecondary and Vocational Education

The two student representatives are
Stephen Leshner, Meadow Vista
Beverly A. Sandeen, Costa Mesa

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory body to the Legislature and Governor, the Commission does not govern or administer any institutions, nor does it approve, authorize, or accredit any of them. Instead, it performs its specific duties of planning, evaluation, and coordination by cooperating with other State agencies and non-governmental groups that perform those other governing, administrative, and assessment functions.

Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Warren Halsey Fox, Ph.D., who is appointed by the Commission.

Further information about the Commission and its publications may be obtained from the Commission offices at 1303 J Street, Suite 500, Sacramento, California 95814-2938, telephone (916) 445-7933.

COMMENTS AT PUBLIC FORUMS REGARDING THE COMMISSION'S STATE POSTSECONDARY REVIEW ENTITY (SPRE) PROGRAM AND ITS DRAFT STANDARDS, WITH STAFF RESPONSES

Commission Report 94-15



ONE of a series of reports published by the California Postsecondary Education Commission as part of its planning and coordinating responsibilities. Single copies may be obtained without charge from the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938. Recent reports include

- 94-6** *Progress on College and University Assessments of Campus Climate. A Staff Report to the California Postsecondary Education Commission* (April 1994)
- 94-7** *Will the "Three Strikes" of (1) Escalating Prison Costs, (2) An Inflexible State Budget, and (3) Frozen State Revenues Strike Down Your Children's College Chances? A Message to Every Californian from Warren Halsey Fox, Executive Director, California Postsecondary Education Commission* (April 1994)
- 94-8** *Breaking Camp -- Building a Campus The Commission's Analysis of the Proposal to Create California State University, Monterey Bay, at Fort Ord* (June 1994)
- 94-9** *Professional Degree Program Fees A Report of the California Postsecondary Education Commission* (June 1994)
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- 94-16** *State Postsecondary Review Entity (SPRE) Standards Adopted on October 24, 1994, and Submitted to the United States Secretary of Education* (October 1994)
- 94-17** *Fiscal Profiles, 1994. The Fourth in a Series of Factbooks About the Financing of California Higher Education* (October 1994)
- 94-18** *Proposed Construction of the Palmdale Center of the Antelope Valley Community College District A Report to the Governor and Legislature in Response to a Request from the Board of Governors of the California Community Colleges* (October 1994)